

January 21, 2015

Netflix Inc

Going Global – Remains a Top Pick

Industry View	Stock Rating	Price Target
Cautious	Overweight	\$450.00

Netflix 4Q results reinforced our bullish view on the stock, and that the recent pull-back in shares is a buying opportunity. We were encouraged by the U.S. and int'l subscriber strength, long-term expansion and margin plans, and raise estimates and our PT to \$450.

Built to scale: In last June's **initiation**, we highlighted the benefits to Netflix's growing scale as a barrier to entry in Internet video and as an acquirer of content. The stronger sub trends in 4Q results and 1Q guidance support our view of this growing scale advantage, as do Netflix's goal to accelerate and complete its global expansion by 2017 – ahead of plan. This growth is coming along with a healthy scaling of profits, as near- and long-term U.S. margin expansion guidance is in line with our view of operating leverage. We believe this scale advantage allows it to source content locally and globally on a more efficient basis than its competitive set. Netflix's view that ARPU should grow annually also foots with our view of pricing power for this streaming service.

U.S. subscriber outlook – raising near-term estimates: Netflix beat its 4Q net adds expectations as churn continued to fall and YoY trends in gross adds improved, but it acknowledged the “law of large numbers” reality of its ~40mm U.S. sub base. While we are raising our sub addition outlook in the U.S., we still expect net adds to fall YoY going forward.

International plans – pressing the bet: Netflix beat 4Q int'l adds, with 1Q guidance also ahead of expectations. It will raise another \$1bn in debt to help fund the last 2 years of its int'l expansion. We have Australia and New Zealand in 1Q15 (announced), with Spain, Italy, and Portugal (not announced) in 3Q15. Beyond these markets, our estimates also assume expansion into another 50mm addressable broadband HHs in 3Q15 (contributing 1-2mm incremental subs by YE15), which we believe will drive expense levels implied by NFLX's 2015 EBIT guide. Japan and South Korea are potential candidates, in our view.

Margin expansion outlook broadly in line: Our OW thesis also reflects our view that at scale, NFLX can have higher EBIT margins vs. capital-intensive incumbent distributors (cable/sat/telco) but below high-margin cable nets.

Changes to estimates: We are lifting 2015 U.S. net adds (3.9mm to 4.6mm), as well as int'l net adds (7.6mm to 9.5mm). We attempt to capture the 2015 int'l expansion in our estimates, but note that EBIT risk is likely to the downside. We are not layering in today additional launches in 2016, although we know more are coming. Our DCF-driven price target moves from \$425 to \$450, or 14x 2021E EBITDA discounted back, with the U.S. and int'l businesses valued at ~\$17bn and \$10.5bn YE15 EV respectively.

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Netflix Inc (NFLX.O , NFLX US)

Media / United States of America

Stock Rating	Overweight
Industry View	Cautious
Price target	\$450.00
Shr price, close (Jan 20, 2015)	\$348.80
Mkt cap, curr (mm)	\$21,536
52-Week Range	\$489.29-299.50

Fiscal Year Ending	12/14	12/15e	12/16e	12/17e
ModelWare EPS (\$)	4.32	1.09	4.54	8.72
Prior ModelWare EPS (\$)	3.39	4.84	7.40	10.18
EPS (\$)**	4.32	1.09	4.54	8.72
Prior EPS (\$)**	3.39	4.84	7.40	10.18

Unless otherwise noted, all metrics are based on Morgan Stanley ModelWare framework

** = Based on consensus methodology

e = Morgan Stanley Research estimates

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For analyst certification and other important disclosures, refer to the Disclosure Section, located at the end of this report.

Risk Reward

We see upside to NFLX shares at current valuation levels



Source: Thomson Reuters (historical share price data), Morgan Stanley Research estimates

Price Target \$450 Our \$450 PT reflects our base case DCF valuation.

Bull \$675

Based on our bull case DCF valuation ~14x EV / 2021 bull case EBITDA, discounted back YE15

Successfully leveraging content investments to drive sub growth, reaching ~140M global streaming subs by 2020.

Total domestic streaming subscribers grow to ~45M by YE15 and reach 65-70M in 2020E. Domestic streaming contribution margins expand slightly faster vs. our base case, reaching ~40% in 2018. Total international subscribers reach 70-75M by 2020E on successful penetration of newer markets. NFLX begins buybacks in '17E, increasing financial capacity, raising gross leverage to ~3x over time.

Base \$450

Based on our base case DCF valuation ~14x EV / 2021 base case EBITDA, discounted back YE15

Domestic and international subscriber bases reach 55-60M each by 2020E.

Total domestic streaming subscriber base grows to 55M by 2020E. Domestic streaming contribution margins expand ~200bp p.a. toward ~40% by 2020E. Internationally, NFLX's expansion into additional territories drives total non-US subscribers to reach ~60M in 2020E, representing nearly 20% penetration of broadband homes in addressable markets. International contribution margins improve and reach profitability in '17E (our estimates exclude new launches in 2016). NFLX begins buybacks in '17E and keeps long term gross leverage at ~2.5x.

Bear \$200

Based on our bear case DCF valuation

Elevated churn domestically and challenging penetration into international markets.

Total domestic streaming subscribers are flat to down slightly in 2016 as the price increase takes effect for all members, with modest growth thereafter to ~45M by 2020E. Domestic ARPPU (average revenue per paid user) remains flat in '17-20E, and longer-term domestic contribution margins stabilize at around 30-35%. International streaming subs grow to ~50M by YE2020 due to slower penetration in tougher markets like Latin America, Germany. Int'l contribution margins turn positive in 2018.

Why Overweight?

- We believe share performance is highly dependent on increasing global membership scale. Proven success in the US and initial int'l markets provides a roadmap to success in new markets, and scale should allow NFLX to leverage content investments and drive margins.
- Higher global broadband penetration should increase NFLX's addressable market, driving member growth and providing further opportunity for new market launches
- Longer term we see ability to raise debt, given subscription-based revenue.

Key Value Drivers

- Domestic subscriber growth and contribution margins
- International subscriber growth and performance in recent and upcoming markets (launched in Germany / France in September 2014, Australia / New Zealand in early 2015, more to be announced in 2015/2016)
- Impact of recently announced pricing increases on member churn through 2016
- Ability to maintain exclusive content offering to differentiate product from competitors, and to a lesser extent, success of original programming

Potential Catalysts

- Further integration with MVPD offerings
- Success in int'l markets, announcement of new market launches
- Success of original programming
- Announcement of long-term agreements securing exclusive quality content

Risks to Achieving Price Target

- Pricing increases drive elevated churn
- Increased competition drives higher pricing for exclusive content lowering margins, potentially member growth

Changes to our estimates and bull, bear, base scenarios

Exhibit 1: NFLX: Prior vs. Current for 1Q15E

(USD millions)	1Q15E				
	Prior	Current	Change	% Change	Notes
<u>Domestic Streaming</u>					
Total members at end of period	40.44	40.91	0.47	1.2%	Guidance: 40.91mm subscribers
Paid members at end of period	38.82	39.79	0.96	2.5%	Guidance: 39.79mm subscribers
% YoY Paid growth	12.9%	15.7%	2.8%		
Total Net Adds	1.37	1.80	0.43	31.0%	Guidance: 1.80mm
Paid Net Adds	1.21	2.09	0.88	72.6%	
ARPPU	\$8.31	\$8.37	\$0.06	0.8%	
% YoY growth	3.1%	3.9%	0.8%		
Revenues	\$952.3	\$972.7	\$20.5	2.1%	Guidance: \$973M
Cost of revenues	\$588.6	\$595.8	\$7.2	1.2%	
Marketing	\$84.3	\$84.3	---	0.0%	
Contribution profit	\$279.4	\$292.7	\$13.2	4.7%	Guidance: \$293M
% margin	29.3%	30.1%	0.7%		Guidance: 30.1%
<u>International Streaming</u>					
Total members at end of period	19.92	20.52	0.60	3.0%	Guidance: 20.53mm subscribers
Paid members at end of period	18.35	19.17	0.82	4.5%	Guidance: 19.18mm subscribers
% YoY growth	56.1%	63.1%	7.0%	12.5%	
Total Net Adds	1.93	2.25	0.32	16.6%	Guidance: 2.25mm
Paid Net Adds	1.85	2.40	0.55	29.7%	
ARPPU (in USD)	\$7.40	\$7.67	0.27	3.6%	
% YoY growth	-9.0%	-5.7%	3.3%		
Revenues	\$385.0	\$422.1	\$37.0	9.6%	Guidance: \$425M
Cost of revenues	\$361.2	\$395.6	\$34.3	9.5%	
Marketing	\$88.1	\$88.1	---	0.0%	
Contribution profit	(\$64.3)	(\$61.6)	\$2.7	-4.2%	Guidance: (\$62M)
% margin	-16.7%	-14.6%	2.1%		Guidance: -14.6%
<u>Domestic DVD</u>					
Total members at end of period	5.76	5.63	(0.13)	-2.3%	
Paid members at end of period	5.64	5.51	(0.13)	-2.3%	
% YoY growth	-13.3%	-15.3%	-2.0%		
Total Net Adds	(0.16)	(0.14)	0.02	-11.5%	
Paid Net Adds	(0.16)	(0.15)	0.00	-1.0%	
Revenues	\$177.0	\$173.0	\$(4.0)	-2.2%	
Cost of revenues	\$94.1	\$94.1	---	0.0%	
Marketing	\$1.5	\$0.0	\$(1.5)	-100.0%	
Contribution profit	\$81.4	\$78.9	\$(2.5)	-3.0%	
% margin	46.0%	45.6%	-0.4%		
<u>Consolidated</u>					
Revenues	\$1,514.3	\$1,567.8	\$53.5	3.5%	
Cost of revenues	\$1,043.9	\$1,085.5	\$41.6	4.0%	
Marketing	\$173.9	\$172.4	\$(1.5)	-0.9%	
Contribution profit	\$296.5	\$310.0	\$13.5	4.5%	
% margin	19.6%	19.8%	0.2%		
Tech & Development	\$129.5	\$136.2	\$6.6	5.1%	
G&A Expenses	\$56.0	\$94.1	\$38.1	68.0%	reflects increase related to adjustments in market compensation
Other Expenses	\$0.0	\$0.0	---	NM	
Operating Income	\$111.0	\$79.7	\$(31.2)	-28.2%	Guidance: \$79M
Interest Expense	\$13.2	\$20.0	\$6.8	51.3%	Assuming \$1bn debt raised in 1Q15
Other Income (Expense)	\$1.8	\$2.3	\$0.5	NM	
Tax Provision	\$36.8	\$22.9	\$(13.9)	-37.7%	
Net Income	\$62.7	\$39.1	\$(23.7)	-37.7%	Guidance: \$37M
Diluted Shares	62.6	62.2	\$(0.4)	-0.7%	
EPS - GAAP	\$1.00	\$0.63	\$(0.4)	-37.0%	Guidance: \$0.60

Source: Morgan Stanley Research estimates. NM = Not meaningful

Exhibit 2: NFLX: Prior vs. Current for FY15E

(USD millions)	2015E				Notes
	Prior	Current	Change	% Change	
<u>Domestic Streaming</u>					
Total members at end of period	43.00	43.68	0.68	1.6%	Better than expected gross adds in 2015
Paid members at end of period	41.28	42.15	0.87	2.1%	
% YoY Paid growth	9.8%	11.8%	2.1%		
Total Net Adds	3.94	4.57	0.63	16.1%	
Paid Net Adds	3.67	4.46	0.79	21.4%	
ARPPU	\$8.40	\$8.39	(0.00)	-0.1%	
% YoY growth	3.1%	3.0%	-0.1%		
Revenues	\$3,951.8	\$4,028.9	\$77.1	2.0%	
Cost of revenues	\$2,457.3	\$2,472.9	\$15.6	0.6%	
Marketing	\$299.1	\$315.1	\$16.0	5.3%	
Contribution profit	\$1,195.4	\$1,241.0	\$45.5	3.8%	
% margin	30.2%	30.8%	0.6%		Assumes 450bps margin expansion in 1H15, ~250bps YoY expansion in 2H15
<u>International Streaming</u>					
Total members at end of period	25.61	27.78	2.17	8.5%	Includes ~2.5mm subs from estimated 2015 new launches
Paid members at end of period	23.96	26.01	2.06	8.6%	
% YoY growth	45.2%	55.0%	9.9%	21.9%	
Total Net Adds	7.61	9.51	1.89	24.9%	
Paid Net Adds	7.45	9.24	1.78	23.9%	
ARPPU	\$7.69	\$7.81	0.12	1.5%	
% YoY growth	-5.8%	-5.5%	0.2%		
Revenues	\$1,858.4	\$2,002.5	\$144.1	7.8%	
Cost of revenues	\$1,652.8	\$1,902.3	\$249.5	15.1%	
Marketing	\$359.7	\$497.6	\$137.9	38.3%	
Contribution profit	\$(154.1)	\$(397.4)	\$(243.3)	157.9%	Assume 2015 new launches weigh on int'l contribution profits near-term
% margin	-8.3%	-19.8%	-11.6%		
<u>Domestic DVD</u>					
Total members at end of period	5.28	5.06	(0.22)	-4.1%	
Paid members at end of period	5.17	4.96	(0.21)	-4.1%	
% YoY growth	-10.7%	-12.5%	-1.7%		
Total Net Adds	(0.64)	(0.70)	(0.07)	10.7%	
Paid Net Adds	(0.62)	(0.71)	(0.08)	13.3%	
Revenues	\$671.5	\$655.9	\$(15.6)	-2.3%	
Cost of revenues	\$369.7	\$380.9	\$11.2	3.0%	
Marketing	\$6.0	\$0.0	\$(6.0)	-100.0%	
Contribution profit	\$295.8	\$275.0	\$(20.8)	-7.0%	
% margin	44.0%	41.9%	-2.1%		
<u>Consolidated</u>					
Revenues	\$6,481.7	\$6,687.3	\$205.6	3.2%	
Cost of revenues	\$4,479.8	\$4,756.1	\$276.3	6.2%	
Marketing	\$664.8	\$812.7	\$147.9	22.2%	
Contribution profit	\$1,337.1	\$1,118.6	\$(218.5)	-16.3%	
% margin	20.6%	16.7%	-3.9%		
Tech & Development	\$549.2	\$571.6	\$22.5	4.1%	
G&A Expenses	\$255.3	\$350.0	\$94.7	37.1%	
Other Operating Expenses	\$0.0	\$0.0	---	NM	
Operating Income	\$532.6	\$196.9	\$(335.7)	-63.0%	Guided to down YoY vs. ~\$400M in 2014 (due to '15E launches) Assuming \$1bn debt raised in 1Q15
Interest Expense	\$52.9	\$96.6	\$43.8	82.7%	
Other Income (Expense)	\$7.2	\$9.0	\$1.9	NM	
Tax Provision	\$180.2	\$40.4	\$(139.7)	-77.6%	
Net Income	\$306.7	\$68.8	\$(237.9)	-77.6%	
Diluted Shares	63.4	63.4	---	0.0%	
EPS - GAAP	\$4.84	\$1.09	\$(3.8)	-77.5%	

Source: Morgan Stanley Research estimates. Note: Our estimates include market launches in Australia and New Zealand in 1Q15; Spain, Portugal, and Italy in 3Q15; as well as another 50mm in addressable broadband homes in 3Q15.

Exhibit 3: NFLX: Prior vs. Current for FY16E

(USD millions)	2016E				Notes
	Prior	Current	Change	% Change	
<u>Domestic Streaming</u>					
Total members at end of period	43.72	46.17	2.44	5.6%	
Paid members at end of period	41.97	44.32	2.35	5.6%	
% YoY Paid growth	1.7%	5.1%	3.5%		
Total Net Adds	0.72	2.48	1.76	245.1%	
Paid Net Adds	0.69	2.16	1.47	213.4%	
ARPPU	\$8.90	\$8.85	(0.05)	-0.5%	
% YoY growth	6.0%	5.5%	-0.5%		
Revenues	\$4,445.8	\$4,593.3	\$147.5	3.3%	
Cost of revenues	\$2,669.5	\$2,774.0	\$104.5	3.9%	
Marketing	\$317.0	\$334.0	\$16.9	5.3%	
Contribution profit	\$1,459.3	\$1,485.4	\$26.1	1.8%	
% margin	32.8%	32.3%	-0.5%		
<u>International Streaming</u>					
Total members at end of period	32.33	35.86	3.53	10.9%	
Paid members at end of period	30.53	33.88	3.34	11.0%	
% YoY growth	27.4%	30.2%	2.8%	10.1%	
Total Net Adds	6.72	8.07	1.35	20.1%	
Paid Net Adds	6.58	7.86	1.29	19.6%	
ARPPU	\$7.96	\$8.09	0.13	1.6%	
% YoY growth	3.4%	3.5%	0.1%		
Revenues	\$2,551.6	\$2,844.4	\$292.9	11.5%	
Cost of revenues	\$2,246.1	\$2,407.3	\$161.2	7.2%	
Marketing	\$395.7	\$547.4	\$151.7	38.3%	
Contribution profit	(\$90.2)	(\$110.2)	\$(20.0)	22.2%	
% margin	-3.5%	-3.9%	-0.3%		
<u>Domestic DVD</u>					
Total members at end of period	4.84	4.62	(0.22)	-4.5%	
Paid members at end of period	4.74	4.52	(0.21)	-4.5%	
% YoY growth	-8.4%	-8.8%	-0.4%		
Total Net Adds	(0.44)	(0.45)	(0.00)	0.6%	
Paid Net Adds	(0.44)	(0.44)	(0.00)	0.6%	
Revenues	\$618.1	\$591.5	\$(26.6)	-4.3%	
Cost of revenues	\$342.8	\$353.3	\$10.5	3.1%	
Marketing	\$4.0	\$0.0	\$(4.0)	-100.0%	
Contribution profit	\$271.3	\$238.2	\$(33.2)	-12.2%	
% margin	43.9%	40.3%	-3.6%		
<u>Consolidated</u>					
Revenues	\$7,615.5	\$8,029.2	\$413.8	5.4%	
Cost of revenues	\$5,258.3	\$5,534.5	\$276.2	5.3%	
Marketing	\$716.7	\$881.3	\$164.7	23.0%	
Contribution profit	\$1,640.5	\$1,613.4	\$(27.1)	-1.7%	
% margin	21.5%	20.1%	-1.4%		
Tech & Development	\$578.8	\$662.4	\$83.6	14.5%	
G&A Expenses	\$266.5	\$401.5	\$134.9	50.6%	
Other Operating Expenses	\$0.0	\$0.0	---	NM	
Operating Income	\$795.1	\$549.5	\$(245.6)	-30.9%	
Interest Expense	\$52.9	\$102.9	\$50.0	94.6%	
Other Income (Expense)	\$11.0	\$15.4	\$4.4	NM	
Tax Provision	\$278.7	\$171.0	\$(107.7)	-38.7%	
Net Income	\$474.5	\$291.1	\$(183.5)	-38.7%	
Diluted Shares	64.2	64.2	---	0.0%	
EPS - GAAP	\$7.40	\$4.54	\$(2.9)	-38.6%	

Source: Morgan Stanley Research estimates. Note: Our estimates include market launches in Australia and New Zealand in 1Q15; Spain, Portugal, and Italy in 3Q15; as well as another 50mm in addressable broadband homes in 3Q15.

Exhibit 4: NFLX Base, Bear, and Bull Scenarios

NFLX Scenarios

Base Case

	2014	2015E	2016E	2017E	2018E	2019E	2020E
EPS	\$4.32	\$1.09	\$4.54	\$8.72	\$13.41	\$20.00	\$26.98
% growth	137%	-75%	317%	92%	54%	49%	35%
Revenue	\$5,505	\$6,687	\$8,029	\$9,193	\$10,362	\$11,557	\$12,681
% growth	26%	21%	20%	14%	13%	12%	10%
Contribution Profit	\$1,145	\$1,119	\$1,613	\$2,129	\$2,674	\$3,355	\$4,000
Margin (%)	21%	17%	20%	23%	26%	29%	32%
Operating Income	\$403	\$197	\$549	\$980	\$1,457	\$2,083	\$2,681
% growth	78%	-51%	179%	78%	49%	43%	29%
Margin (%)	7.3%	2.9%	6.8%	10.7%	14.1%	18.0%	21.1%
YE cash	\$1,114	\$1,907	\$1,850	\$750	\$750	\$750	\$750
Share repurchases	\$0	\$0	\$0	\$2,000	\$2,100	\$2,205	\$2,315
Gross debt / EBITDA	2.0x	7.3x	3.1x	2.4x	2.6x	2.4x	2.2x

Domestic Streaming

Total Subscribers	39.1	43.7	46.2	48.9	51.2	53.3	55.2
% growth	17.0%	11.7%	5.7%	5.9%	4.8%	4.1%	3.7%
ARPPU	\$8.14	\$8.39	\$8.85	\$9.09	\$9.34	\$9.59	\$9.85
% growth	2.2%	3.0%	5.5%	2.7%	2.7%	2.7%	2.7%
Revenue	\$3,431	\$4,029	\$4,593	\$4,978	\$5,398	\$5,818	\$6,221
Contribution Profit	\$936	\$1,241	\$1,485	\$1,700	\$1,942	\$2,198	\$2,446
Contribution margin (%)	27.3%	30.8%	32.3%	34.1%	36.0%	37.8%	39.3%

International Streaming

Total Subscribers	18.3	27.8	35.9	42.7	49.6	55.8	61.1
% growth	67.2%	52.0%	29.1%	19.1%	16.1%	12.6%	9.5%
ARPPU	\$8.27	\$7.81	\$8.09	\$8.32	\$8.52	\$8.72	\$8.93
% growth	2.6%	-5.5%	3.5%	2.9%	2.4%	2.3%	2.3%
Contribution margin (%)	-12.2%	-19.8%	-3.9%	5.9%	12.1%	18.6%	23.1%

Bear Case

	2014E	2015E	2016E	2017E	2018E	2019E	2020E
EPS	\$4.32	\$0.08	\$1.89	\$3.75	\$5.23	\$6.90	\$8.53
% growth	137%	-98%	2263%	98%	39%	32%	24%
Revenue	\$5,505	\$6,594	\$7,652	\$8,195	\$8,696	\$9,207	\$9,674
% growth	26%	20%	16%	7%	6%	6%	5%
Contribution Profit	\$1,145	\$1,058	\$1,359	\$1,602	\$1,802	\$2,024	\$2,239
Margin (%)	21%	16%	18%	20%	21%	22%	23%
Operating Income	\$403	\$96	\$280	\$471	\$624	\$797	\$965
% growth	78%	-76%	191%	68%	32%	28%	21%
Margin (%)	7.3%	1.5%	3.7%	5.7%	7.2%	8.7%	10.0%
YE cash	\$1,114	\$1,816	\$1,681	\$1,521	\$1,695	\$2,121	\$2,708
Share repurchases	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Gross debt / EBITDA	2.0x	12.0x	5.5x	3.5x	2.7x	2.2x	1.8x

Domestic Streaming

Total Subscribers	39.1	42.6	42.5	43.1	43.6	44.1	44.5
% growth	17.0%	8.8%	-0.2%	1.4%	1.2%	1.1%	1.0%
ARPPU	\$8.14	\$8.38	\$8.84	\$8.84	\$8.84	\$8.84	\$8.84
% growth	2.2%	2.8%	5.5%	0.0%	0.0%	0.0%	0.0%
Contribution margin (%)	27.3%	31.2%	31.4%	32.0%	33.2%	33.8%	34.5%

International Streaming

Total Subscribers	18.3	27.1	33.4	38.1	42.6	47.3	51.4
% growth	67.2%	48.0%	23.3%	14.3%	11.7%	10.9%	8.7%
ARPPU	\$8.27	\$7.82	\$8.12	\$8.19	\$8.21	\$8.22	\$8.21
% growth	2.6%	-5.4%	3.8%	0.9%	0.3%	0.1%	-0.1%
Contribution margin (%)	-12.2%	-23.0%	-8.8%	-0.1%	3.7%	7.6%	10.7%

Bull Case

	2014E	2015E	2016E	2017E	2018E	2019E	2020E
EPS	\$4.32	\$2.03	\$7.02	\$12.96	\$20.08	\$30.05	\$42.06
% growth	137%	-53%	246%	85%	55%	50%	40%
Revenue	\$5,505	\$6,790	\$8,423	\$9,916	\$11,391	\$12,874	\$14,285
% growth	26%	23%	24%	18%	15%	13%	11%
Contribution Profit	\$1,145	\$1,173	\$1,850	\$2,571	\$3,320	\$4,207	\$5,067
Margin (%)	21%	17%	22%	26%	29%	33%	35%
Operating Income	\$403	\$292	\$801	\$1,401	\$2,061	\$2,862	\$3,653
% growth	78%	-28%	175%	75%	47%	39%	28%
Margin (%)	7.3%	4.3%	9.5%	14.1%	18.1%	22.2%	25.6%
YE cash	\$1,114	\$2,022	\$2,202	\$750	\$750	\$750	\$750
Share repurchases	\$0	\$0	\$0	\$3,500	\$4,000	\$4,000	\$4,000
Gross debt / EBITDA	2.0x	5.4x	2.2x	2.3x	3.0x	3.0x	3.0x

Domestic Streaming

Total Subscribers	39.1	45.3	50.7	55.9	60.1	63.9	67.4
% growth	17.0%	15.8%	11.9%	10.4%	7.5%	6.3%	5.4%
ARPPU	\$8.14	\$8.41	\$8.87	\$9.11	\$9.36	\$9.61	\$9.87
% growth	2.2%	3.2%	5.5%	2.7%	2.7%	2.7%	2.7%
Contribution margin (%)	27.3%	31.1%	34.3%	37.8%	40.7%	43.1%	45.0%

International Streaming

Total Subscribers	18.3	28.2	37.4	45.9	54.9	63.8	72.0
% growth	67.2%	54.1%	32.7%	22.8%	19.6%	16.2%	12.9%
ARPPU	\$8.27	\$7.81	\$8.07	\$8.10	\$8.09	\$8.07	\$8.05
% growth	2.6%	-5.6%	3.4%	0.4%	-0.1%	-0.3%	-0.2%
Contribution margin (%)	-12.2%	-18.9%	-2.5%	6.5%	12.5%	19.2%	24.0%

Current Price \$348.80
 Implied EV / fwd Revenue 3.2x
 Implied EV / fwd EBITDA 58.7x
 Upside / downside 29%

Scenario Price Target \$450
 Implied EV / fwd revenue 3.8x
 Implied EV / fwd EBITDA 76.2x
 YE15E FMV per share \$452

Current Price \$348.80
 Implied EV / fwd Revenue 3.2x
 Implied EV / fwd EBITDA 98.5x
 Upside / downside -42.7%

Scenario Price Target \$200
 Implied EV / fwd revenue 1.7x
 Implied EV / fwd EBITDA 55.3x
 YE15E FMV per share \$204

Current Price \$348.80
 Implied EV / fwd Revenue 3.1x
 Implied EV / fwd EBITDA 42.5x
 Upside / downside 93.5%

Scenario Price Target \$675
 Implied EV / fwd revenue 5.6x
 Implied EV / fwd EBITDA 83.5x
 YE15E FMV per share \$680

Source: Company data, Morgan Stanley Research. E = Morgan Stanley Research estimates

Exhibit 5: Netflix Fair Market Value

Netflix, Inc. Model (USD millions)	2015E	2016E	2017E
Fair Market Value			
Consolidated Operations			
Domestic Streaming	\$16,832.7	\$18,033.4	\$19,180.5
International Streaming	\$10,726.1	\$12,233.3	\$13,713.2
Domestic DVD	\$785.6	\$746.4	\$720.3
Consolidated Asset Value	\$28,344.4	\$31,013.1	\$33,614.0
<i>Plus:</i>			
Unconsolidated Assets	\$0.0	\$0.0	\$0.0
Total Asset Value	\$28,344.4	\$31,013.1	\$33,614.0
<i>Less:</i>			
Debt	\$1,900.0	\$1,900.0	\$2,556.7
<i>Plus:</i>			
Cash	\$1,906.7	\$1,850.4	\$750.0
Short-term investments	\$494.9	\$494.9	\$494.9
Total Fair Market Value	\$28,846.0	\$31,458.3	\$32,302.2
Total Shares Outstanding	63.9	64.5	61.8
Total FMV per share	\$452	\$488	\$523
Upside to current price	29.5%	39.9%	50.0%
<i>Supplemental Information</i>			
EBITDA			
Domestic Streaming	\$707.1	\$909.3	\$1,117.0
International Streaming	(\$654.8)	(\$463.2)	(\$211.3)
Domestic DVD	\$206.7	\$170.8	\$147.0
Total EBITDA	\$259.1	\$617.0	\$1,052.7
Asset Value / EBITDA			
Domestic Streaming	23.8x	19.8x	17.2x
International Streaming	NM	NM	NM
Domestic DVD	3.8x	4.4x	4.9x
Total Asset Value / EBITDA	109.4x	50.3x	31.9x
Asset Value / Forward EBITDA			
Domestic Streaming	18.5x	16.1x	
International Streaming	NM	NM	
Domestic DVD	4.6x	5.1x	
Total Asset Value / Forward EBITDA	45.9x	29.5x	
Recurring EBITDA	\$259	\$617	\$1,053
Est. FMV / EBITDA	111.3x	51.0x	30.7x
Est. FMV / Forward EBITDA	46.8x	29.9x	
Per EOP Subscriber	\$416	\$397	\$385
Per Domestic Subscriber	\$399	\$407	\$409
Per International Subscriber	\$412	\$361	\$340
Per EOP Broadband HH	\$75	\$79	\$82
Per Domestic HH	\$175	\$182	\$189
Per International HH	\$38	\$41	\$45

Source: Morgan Stanley Research estimates

Exhibit 6: Netflix Trading Multiples Analysis

Netflix, Inc. Model (USD millions)	Current Price			Target Price		
	2015E	2016E	2017E	2015E	2016E	2017E
Trading Multiple Analysis						
Netflix - Stock Price	\$348.80	\$348.80	\$348.80	\$450.00	\$450.00	\$450.00
Common Stock - Dilutive Shares Out.	63.9	64.5	61.8	63.9	64.5	61.8
Total Market Value	\$22,271.0	\$22,491.5	\$21,541.8	\$28,732.6	\$29,017.2	\$27,791.9
<u>Plus:</u>						
Debt	\$1,900.0	\$1,900.0	\$2,556.7	\$1,900.0	\$1,900.0	\$2,556.7
<u>Less:</u>						
Cash and cash equivalents	1,906.7	1,850.4	750.0	1,906.7	1,850.4	750.0
Short-term investments	494.9	494.9	494.9	494.9	494.9	494.9
Consolidated Enterprise Value	\$21,769.4	\$22,046.3	\$22,853.6	\$28,231.0	\$28,571.9	\$29,103.7
Revenue	\$6,687.3	\$8,029.2	\$9,192.6	\$6,687.3	\$8,029.2	\$9,192.6
EV / Revenue	3.3x	2.7x	2.5x	4.2x	3.6x	3.2x
Forward Revenue	\$8,029.2	\$9,192.6	\$10,362.5	\$8,029.2	\$9,192.6	\$10,362.5
EV / Forward Revenue	2.7x	2.4x	2.2x	3.5x	3.1x	2.8x
EBITDA	\$259.1	\$617.0	\$1,052.7	\$259.1	\$617.0	\$1,052.7
EV / EBITDA	84.0x	35.7x	21.7x	108.9x	46.3x	27.6x
Forward EBITDA	\$617.0	\$1,052.7	\$1,534.4	\$617.0	\$1,052.7	\$1,534.4
EV / Forward EBITDA	35.3x	20.9x	14.9x	45.8x	27.1x	19.0x
Unlevered FCF	(\$276.1)	(\$151.7)	\$153.0	(\$276.1)	(\$151.7)	\$153.0
EV / Unlevered FCF	(78.9x)	(145.4x)	149.3x	(102.3x)	(188.4x)	190.2x
Forward Unlevered FCF	(\$151.7)	\$153.0	\$556.6	(\$151.7)	\$153.0	\$556.6
EV / Fwd. Unlevered FCF	(143.5x)	144.1x	41.1x	(186.1x)	186.7x	52.3x
FCF / share	(\$5.26)	(\$3.26)	\$1.34	(\$5.26)	(\$3.26)	\$1.3
P / FCF	(66.3x)	(107.0x)	259.4x	(85.5x)	(138.1x)	334.7x
Fwd FCF / share	(\$3.26)	\$1.34	\$7.44	(\$3.26)	\$1.34	\$7.4
P / fwd FCF	(107.0x)	259.4x	46.9x	(138.1x)	334.7x	60.5x
GAAP EPS	\$1.09	\$4.54	\$8.72	\$1.09	\$4.54	\$8.7
P / E	320.0x	76.8x	40.0x	412.8x	99.1x	51.6x
Forward GAAP EPS	\$4.54	\$8.72	\$13.41	\$4.54	\$8.72	\$13.4
P / fwd E	76.8x	40.0x	26.0x	99.1x	51.6x	33.6x

Source: Morgan Stanley Research estimates

Exhibit 7: Netflix Annual International Subscriber Forecast

International Streaming	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
Base Case International Subscribers	10.930	18.277	27.784	35.858	42.716	49.598	55.842	61.126
<i>y/y Growth - %</i>	78.6%	67.2%	52.0%	29.1%	19.1%	16.1%	12.6%	9.5%
Net Subscriber Adds (sequential)	4.809	7.347	9.507	8.074	6.858	6.882	6.244	5.284
<i>y/y Growth - %</i>	12.8%	52.8%	29.4%	(15.1%)	(15.1%)	0.3%	(9.3%)	(15.4%)
International Penetration (Current Markets)								
HD-Capable Broadband Households (>4Mbps)	55.0	112.6	179.4	191.9	202.7	213.4	223.8	234.7
% of Total Broadband Households	49.1%	62.5%	64.0%	65.0%	66.2%	67.3%	68.4%	69.6%
Netflix Base Case Int'l Penetration - %	19.9%	16.2%	15.5%	18.7%	21.1%	23.2%	25.0%	26.0%
Total Residential Broadband Households - Netflix Markets	112.2	180.1	280.1	295.2	306.1	317.1	327.1	337.3
% of Total Households	28.5%	37.6%	46.5%	48.4%	49.7%	51.0%	52.2%	53.3%
Netflix Base Case Int'l Penetration - %	9.7%	10.1%	9.9%	12.1%	14.0%	15.6%	17.1%	18.1%
Penetration Growth	340bp	40bp	-23bp	223bp	181bp	169bp	143bp	105bp
Total Households - Netflix Markets	393.0	479.5	602.5	609.3	616.0	621.9	627.1	632.4
<i>y/y Growth - %</i>	3.8%	22.0%	25.7%	1.1%	1.1%	1.0%	0.8%	0.8%
International Subscribers by Market								
Canada Streaming Subscribers	2.926	3.764	4.256	4.469	4.670	4.857	5.051	5.228
% of Total International Subscribers	26.8%	20.6%	15.3%	12.5%	10.9%	9.8%	9.0%	8.6%
UK & Ireland Streaming Subscribers	3.075	4.887	6.281	6.752	7.191	7.587	7.966	8.364
% of Total International Subscribers	28.1%	26.7%	22.6%	18.8%	16.8%	15.3%	14.3%	13.7%
Latin America Streaming Subscribers	3.432	5.619	7.535	9.796	11.755	14.106	16.222	17.845
% of Total International Subscribers	31.4%	30.7%	27.1%	27.3%	27.5%	28.4%	29.1%	29.2%
Nordics Streaming Subscribers	0.972	1.737	2.309	2.587	2.780	2.920	3.036	3.158
% of Total International Subscribers	8.9%	9.5%	8.3%	7.2%	6.5%	5.9%	5.4%	5.2%
Belgium Streaming Subscribers		0.085	0.222	0.311	0.373	0.438	0.504	0.567
% of Total International Subscribers		0.5%	0.8%	0.9%	0.9%	0.9%	0.9%	0.9%
Germany Streaming Subscribers		0.525	1.660	2.822	3.951	4.939	5.680	6.248
% of Total International Subscribers		2.9%	6.0%	7.9%	9.3%	10.0%	10.2%	10.2%
Austria Streaming Subscribers		0.075	0.156	0.234	0.304	0.365	0.419	0.470
% of Total International Subscribers		0.4%	0.6%	0.7%	0.7%	0.7%	0.8%	0.8%
Switzerland Streaming Subscribers		0.075	0.170	0.271	0.380	0.456	0.501	0.539
% of Total International Subscribers		0.4%	0.6%	0.8%	0.9%	0.9%	0.9%	0.9%
France Streaming Subscribers		0.550	1.423	2.206	2.978	3.722	4.467	4.914
% of Total International Subscribers		3.0%	5.1%	6.2%	7.0%	7.5%	8.0%	8.0%
Other Streaming Subscribers (incl. Netherlands, Luxembourg)	0.525	0.960	3.771	6.410	8.333	10.208	11.995	13.794
% of Total International Subscribers	4.8%	5.3%	13.6%	17.9%	19.5%	20.6%	21.5%	22.6%
Total International Streaming Subs	10.930	18.277	27.784	35.858	42.716	49.598	55.842	61.126

Source: Company data, Morgan Stanley Research. E = Morgan Stanley Research estimates. Note: Our estimates include market launches in Australia and New Zealand in 1Q15; Spain, Portugal, and Italy in 3Q15; as well as another 50mm in addressable broadband homes in 3Q15.

Exhibit 8: Netflix Quarterly Operating Forecast

Netflix, Inc. Model (USD millions)	2014				2015E			
	Q1	Q2	Q3	Q4	Q1E	Q2E	Q3E	Q4E
<u>Domestic Streaming</u>								
Total members at end of period	35.67	36.24	37.22	39.11	40.91	41.19	42.05	43.68
Paid members at end of period	34.38	35.09	36.27	37.70	39.79	39.75	40.58	42.15
% YoY growth	23.2%	22.6%	21.2%	18.9%	15.7%	13.3%	11.9%	11.8%
Total Net Adds	2.25	0.57	0.98	1.90	1.80	0.28	0.86	1.63
Paid Net Adds	2.67	0.71	1.18	1.43	2.09	(0.04)	0.83	1.57
ARPPU	\$8.06	\$8.05	\$8.20	\$8.27	\$8.37	\$8.36	\$8.40	\$8.43
Revenues	\$798.6	\$838.2	\$877.2	\$917.4	\$972.7	\$997.3	\$1,012.3	\$1,046.6
Cost of revenues	\$517.1	\$546.2	\$565.3	\$573.2	\$595.8	\$616.1	\$629.1	\$631.8
Marketing	\$80.3	\$64.7	\$61.0	\$87.4	\$84.3	\$71.2	\$65.6	\$94.0
Contribution profit	\$201.3	\$227.3	\$250.9	\$256.8	\$292.7	\$309.9	\$317.5	\$320.8
% margin	25.2%	27.1%	28.6%	28.0%	30.1%	31.1%	31.4%	30.7%
<u>International Streaming</u>								
Total members at end of period	12.68	13.80	15.84	18.28	20.52	22.49	25.01	27.78
Paid members at end of period	11.76	12.91	14.39	16.78	19.17	21.18	23.46	26.01
% YoY growth	85.7%	84.0%	78.0%	72.6%	63.1%	64.1%	63.1%	55.0%
Total Net Adds	1.75	1.12	2.04	2.43	2.25	1.96	2.52	2.77
Paid Net Adds	2.03	1.15	1.48	2.39	2.40	2.01	2.28	2.55
ARPPU	\$8.14	\$8.27	\$8.49	\$8.17	\$7.67	\$7.76	\$7.84	\$7.93
Revenues	\$267.1	\$307.5	\$345.7	\$387.8	\$422.1	\$469.7	\$522.4	\$588.3
Cost of revenues	\$245.3	\$266.7	\$291.9	\$350.2	\$395.6	\$417.6	\$553.3	\$535.8
Marketing	\$56.8	\$56.0	\$84.6	\$116.2	\$88.1	\$81.3	\$148.1	\$180.2
Contribution profit	-\$35.0	-\$15.3	-\$30.9	-\$78.7	-\$61.6	-\$29.1	-\$179.0	-\$127.7
% margin	-13.1%	-5.0%	-8.9%	-20.3%	-14.6%	-6.2%	-34.3%	-21.7%
<u>Domestic DVD</u>								
Total members at end of period	6.65	6.26	5.99	5.77	5.63	5.35	5.18	5.06
Paid members at end of period	6.51	6.17	5.90	5.67	5.51	5.24	5.07	4.96
% YoY growth	-16.8%	-16.3%	-15.9%	-16.2%	-15.3%	-15.0%	-14.0%	-12.5%
Total Net Adds	(0.28)	(0.39)	(0.28)	(0.22)	(0.14)	(0.28)	(0.17)	(0.11)
Paid Net Adds	(0.26)	(0.34)	(0.27)	(0.23)	(0.15)	(0.27)	(0.17)	(0.11)
ARPPU	\$10.26	\$10.24	\$10.31	\$10.35	\$10.31	\$10.29	\$10.36	\$10.40
Revenues	\$204.4	\$194.7	\$186.6	\$179.5	\$173.0	\$166.1	\$160.3	\$156.5
Cost of revenues	\$106.8	\$101.9	\$97.2	\$90.9	\$94.1	\$89.7	\$83.3	\$113.7
Marketing	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Contribution profit	\$97.5	\$92.8	\$89.4	\$88.6	\$78.9	\$76.3	\$77.0	\$42.8
% margin	47.7%	47.7%	47.9%	49.3%	45.6%	46.0%	48.0%	27.3%

Source: Company data, Morgan Stanley Research. E = Morgan Stanley Research estimates

Exhibit 9: Netflix Annual Operating Forecast

(USD millions)	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
<u>Domestic Streaming</u>								
Total members at end of period	33.42	39.11	43.68	46.17	48.89	51.21	53.30	55.24
Paid members at end of period	31.71	37.70	42.15	44.32	46.93	49.42	51.70	53.59
% YoY growth	24.5%	18.9%	11.8%	5.1%	5.9%	5.3%	4.6%	3.7%
Total Net Adds	6.27	5.69	4.57	2.48	2.72	2.32	2.08	1.95
Paid Net Adds	6.24	5.99	4.46	2.16	2.61	2.49	2.28	1.89
ARPPU	\$7.97	\$8.14	\$8.39	\$8.85	\$9.09	\$9.34	\$9.59	\$9.85
Revenues	\$2,751.4	\$3,431.4	\$4,028.9	\$4,593.3	\$4,978.0	\$5,398.1	\$5,818.1	\$6,221.4
Cost of revenues	\$1,863.4	\$2,201.8	\$2,472.9	\$2,774.0	\$2,934.5	\$3,101.4	\$3,258.9	\$3,406.6
Marketing	\$265.2	\$293.5	\$315.1	\$334.0	\$344.0	\$354.3	\$361.4	\$368.6
Contribution profit	\$622.8	\$936.2	\$1,241.0	\$1,485.4	\$1,699.5	\$1,942.4	\$2,197.8	\$2,446.1
% margin	22.6%	27.3%	30.8%	32.3%	34.1%	36.0%	37.8%	39.3%
<u>International Streaming</u>								
Total members at end of period	10.93	18.28	27.78	35.86	42.72	49.60	55.84	61.13
Paid members at end of period	9.72	16.78	26.01	33.88	40.37	47.13	53.35	58.40
% YoY growth	98.7%	72.6%	55.0%	30.2%	19.2%	16.7%	13.2%	9.5%
Total Net Adds	4.81	7.35	9.51	8.07	6.86	6.88	6.24	5.28
Paid Net Adds	4.83	7.06	9.24	7.86	6.49	6.76	6.22	5.05
ARPPU	\$8.06	\$8.27	\$7.81	\$8.09	\$8.32	\$8.52	\$8.72	\$8.93
Revenues	\$712.4	\$1,308.1	\$2,002.5	\$2,844.4	\$3,668.1	\$4,447.7	\$5,245.1	\$5,985.4
Cost of revenues	\$782.3	\$1,154.1	\$1,902.3	\$2,407.3	\$2,858.7	\$3,283.1	\$3,617.6	\$3,931.3
Marketing	\$204.4	\$313.7	\$497.6	\$547.4	\$591.2	\$626.6	\$651.7	\$671.2
Contribution profit	-\$274.3	-\$159.8	-\$397.4	-\$110.2	\$218.2	\$537.9	\$975.8	\$1,382.9
% margin	-38.5%	-12.2%	-19.8%	-3.9%	5.9%	12.1%	18.6%	23.1%
<u>Domestic DVD</u>								
Total members at end of period	6.93	5.77	5.06	4.62	4.33	4.13	3.96	3.80
Paid members at end of period	6.77	5.67	4.96	4.52	4.24	4.05	3.88	3.73
% YoY growth	-16.0%	-16.2%	-12.5%	-8.8%	-6.3%	-4.6%	-4.1%	-3.9%
Total Net Adds	(1.29)	(1.16)	(0.70)	(0.45)	(0.29)	(0.20)	(0.17)	(0.15)
Paid Net Adds	(1.28)	(1.10)	(0.71)	(0.44)	(0.28)	(0.20)	(0.17)	(0.15)
ARPPU	\$10.25	\$10.29	\$10.34	\$10.39	\$10.39	\$10.39	\$10.39	\$10.39
Revenues	\$910.8	\$765.2	\$655.9	\$591.5	\$546.6	\$516.7	\$494.0	\$474.3
Cost of revenues	\$471.5	\$396.9	\$380.9	\$353.3	\$335.1	\$322.6	\$312.9	\$303.6
Marketing	\$0.3	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0	\$0.0
Contribution profit	\$439.0	\$368.3	\$275.0	\$238.2	\$211.4	\$194.1	\$181.2	\$170.7
% margin	48.2%	48.1%	41.9%	40.3%	38.7%	37.6%	36.7%	36.0%

Source: Company data, Morgan Stanley Research. E = Morgan Stanley Research estimates

Exhibit 10: Netflix Annual Content Obligations and Amortization

Netflix, Inc. Model (USD millions)	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
Summary of Streaming Content Obligations								
Less than one year (pre-restatement)								
Less than one year (post-restatement)	\$2,972.3	\$3,854.8	\$4,714.3	\$5,226.5	\$5,676.9	\$6,070.6	\$6,436.2	\$6,777.8
Due after one year and through 3 years	\$3,266.9	\$4,319.6	\$5,343.8	\$5,989.4	\$6,508.5	\$6,958.1	\$7,375.0	\$7,766.8
Due after 3 years and through 5 years	\$929.6	\$1,259.0	\$1,525.8	\$1,663.2	\$1,774.9	\$1,877.5	\$1,978.1	\$2,075.5
Due after 5 years	\$83.3	\$73.1	\$78.4	\$79.7	\$83.0	\$87.0	\$91.3	\$95.5
Total Streaming Content Obligations	\$7,252.2	\$9,506.5	\$11,662.4	\$12,958.7	\$14,043.4	\$14,993.3	\$15,880.7	\$16,715.7
% YoY Growth	29%	31%	23%	11%	8%	7%	6%	5%
Streaming Content Liabilities (on B/S)	\$3,121.6	\$3,714.7	\$4,395.3	\$4,841.3	\$5,261.1	\$5,650.4	\$6,014.2	\$6,343.6
Off-balance sheet Obligations	\$4,130.6	\$5,791.8	\$7,267.1	\$8,117.4	\$8,782.3	\$9,342.9	\$9,866.5	\$10,372.1
Net New Streaming Content Oblig. (vs. prior year)	\$3,918.0	\$5,226.7	\$6,010.7	\$6,010.7	\$6,311.2	\$6,626.8	\$6,958.1	\$7,271.2
% YoY Growth	55%	33.4%	15.0%	0.0%	5.0%	5.0%	5.0%	4.5%
% of BOP Content Obligations	70%	72%	63%	52%	49%	47%	46%	46%
Cash Spend on Streaming Content								
Prior year YE streaming obligations due in less than one year	\$2,299.6	\$2,972.3	\$3,854.8	\$4,714.3	\$5,226.5	\$5,676.9	\$6,070.6	\$6,436.2
Additional cash spend from new streaming obligations	\$76.4	\$208.0	\$224.18	\$194.13	\$172.28	\$147.8	\$139.2	\$145.4
Additional as % of new streaming content obligations	2.0%	4.0%	3.7%	3.2%	2.7%	2.2%	2.0%	2.0%
Net cash spend	\$2,376.0	\$3,180.3	\$4,079.0	\$4,908.5	\$5,398.7	\$5,824.7	\$6,209.8	\$6,581.7
Growth %	35.5%	33.9%	28.3%	20.3%	10.0%	7.9%	6.6%	6.0%
Amortization as % of Net Cash Spend on Streaming Content	89.3%	83.5%	87.3%	88.3%	90.4%	92.9%	94.3%	95.4%
Additions to streaming content library	\$3,049.8	\$3,773.5	\$4,759.5	\$5,354.5	\$5,818.6	\$6,214.0	\$6,573.6	\$6,911.1
% YoY change	21%	24%	26%	13%	9%	7%	6%	5%
% of PY Off-Balance Sheet and CY New Obligations	43%	40%	40%	40%	40%	40%	40%	40%
Increase in Streaming Content Liabilities (on B/S)	673.8	593.1	680.6	446.0	419.8	389.3	363.8	329.4
Net cash outflow on streaming content	\$2,376.0	\$3,180.3	\$4,079.0	\$4,908.5	\$5,398.7	\$5,824.7	\$6,209.8	\$6,581.7
% YoY change	36%	34%	28%	20%	10%	8%	7%	6%
Acquisition of DVD Content Library	65.9	74.8	72.9	71.1	69.3	67.6	65.9	64.2
Content Amortization								
Amortization of Streaming Content Library	\$2,122.0	\$2,656.3	\$3,561.2	\$4,332.6	\$4,878.0	\$5,411.9	\$5,854.8	\$6,277.2
Domestic Streaming	\$1,420.1	\$1,646.9	\$1,886.4	\$2,208.4	\$2,340.0	\$2,492.2	\$2,637.6	\$2,775.1
International Streaming	\$701.9	\$1,009.4	\$1,674.7	\$2,124.2	\$2,538.0	\$2,919.8	\$3,217.2	\$3,502.1
Amortization of DVD Content Library	71.3	71.5	72.9	71.1	69.3	67.6	65.9	64.2
Total Content Amortization	\$2,193.3	\$2,727.8	\$3,634.1	\$4,403.7	\$4,947.3	\$5,479.5	\$5,920.7	\$6,341.5

Source: Company data, Morgan Stanley Research. E = Morgan Stanley Research estimates

Exhibit 11: Netflix Free Cash Flow

(USD millions)	2014	2015E	2016E	2017E	2018E	2019E	2020E	2021E
Free Cash Flow								
Reported EBITDA	\$456.7	\$259.1	\$617.0	\$1,052.7	\$1,534.4	\$2,165.7	\$2,767.9	\$3,265.8
Cash Interest Expense	(53.3)	(87.6)	(87.4)	(106.5)	(170.2)	(244.4)	(302.0)	(345.0)
Cash Taxes	(112.6)	(40.4)	(175.6)	(332.0)	(488.9)	(698.8)	(904.0)	(1,075.1)
Cash Spent on Programming (in Excess of Amort)	(524.1)	(517.8)	(575.9)	(520.8)	(412.8)	(354.9)	(304.5)	(231.8)
Acquisition of DVD content library (net of Amort)	(3.3)	-	-	-	-	-	-	-
Capex	(69.7)	(73.7)	(75.9)	(78.2)	(80.6)	(83.0)	(85.5)	(88.0)
Working Capital	137.1	126.8	88.8	69.6	68.0	60.3	56.5	53.3
Minority Interest	-	-	-	-	-	-	-	-
Free Cash Flow	(\$169.2)	(\$333.7)	(\$209.1)	\$84.9	\$450.0	\$844.9	\$1,228.5	\$1,579.2
Growth		97.2%	-37.3%	-140.6%	430.1%	87.8%	45.4%	28.5%
Average Fully Diluted Shares	61.7	63.4	64.2	63.1	60.5	57.9	55.5	53.3
FCF per Share	(\$2.74)	(\$5.26)	(\$3.26)	\$1.34	\$7.44	\$14.58	\$22.12	\$29.65
Growth	260%	92%	-38%	NM	453%	96%	52%	34%
FCF Multiple Valuation								
Implied Fwd FCF Multiple	(77.6x)	(138.6x)	371.4x	74.2x	41.9x	30.5x	25.2x	
Fwd. FCF/ Share	(\$5.26)	(\$3.26)	\$1.34	\$7.44	\$14.58	\$22.12	\$29.65	
Implied NFLX Equity Value	\$408	\$452	\$499	\$552	\$611	\$676	\$747	
Cost of Equity	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	10.6%	
YE Shares Out	63.0	63.9	64.5	61.8	59.2	56.7	54.4	
YE equity value	\$25,725.5	\$28,832.2	\$32,204.3	\$34,113.9	\$36,148.4	\$38,316.5	\$40,627.8	
Net Debt	(\$708.5)	(\$501.6)	(\$445.3)	\$1,311.8	\$2,794.4	\$3,979.7	\$4,885.1	
EV	\$25,017.0	\$28,330.6	\$31,759.0	\$35,425.8	\$38,942.8	\$42,296.2	\$45,512.9	
EV/fwd EBITDA	96.5x	45.9x	30.2x	23.1x	18.0x	15.3x	13.9x	
EV/fwd unlev fcf	(90.6x)	(192.7x)	196.3x	62.2x	38.4x	29.4x	25.0x	

Source: Company data, Morgan Stanley Research. E = Morgan Stanley Research estimates

Exhibit 12: Netflix Quarterly Income Statement

(USD millions)	2014				2015E			
	Q1	Q2	Q3	Q4	Q1E	Q2E	Q3E	Q4E
Income Statement								
Revenues	\$1,270	\$1,340	\$1,409	\$1,485	\$1,568	\$1,633	\$1,695	\$1,791
(-) Cost of Revenues	(869)	(915)	(954)	(1,014)	(1,085)	(1,123)	(1,266)	(1,281)
(-) Subscription Expenses	(784)	(832)	(870)	(943)	(1,001)	(1,040)	(1,181)	(1,178)
(-) Fulfillment Expenses	(85)	(83)	(84)	(71)	(85)	(83)	(85)	(104)
Gross Profit	\$401	\$426	\$455	\$470	\$482	\$510	\$429	\$510
(-) Marketing Expenses	(137)	(121)	(146)	(204)	(172)	(152)	(214)	(274)
(-) Technology & Development Expenses	(110)	(115)	(121)	(126)	(136)	(140)	(145)	(151)
(-) General & Administrative Expenses	(56)	(60)	(78)	(76)	(94)	(82)	(85)	(90)
(-) Legal Settlement	—	—	—	—	—	—	—	—
(+) Gain on Disposal of DVDs	—	—	—	—	—	—	—	—
(-) Restructuring Charges	—	—	—	—	—	—	—	—
Operating Income	\$98	\$130	\$110	\$65	\$80	\$136	(\$14)	(\$5)
Adj. EBITDA (ex-SBC)	\$110	\$143	\$125	\$79	\$95	\$151	\$2	\$12
(-) Interest Expense	(10)	(13)	(13)	(13)	(20)	(26)	(26)	(26)
(+) Interest & Other Income	1	1	1	(6)	2	2	2	2
Pre-Tax Income	\$89	\$117	\$98	\$46	\$62	\$113	(\$37)	(\$28)
(+/-) Tax Provision	(36)	(46)	(38)	38	(23)	(42)	14	10
Net Income	\$53	\$71	\$59	\$83	\$39	\$71	(\$23)	(\$18)
(+) Diluted Shares	62	62	62	62	62	63	62	62
EPS - GAAP	\$0.86	\$1.15	\$0.96	\$1.35	\$0.63	\$1.13	(\$0.38)	(\$0.29)
Operating / Profitability Metrics								
Domestic Streaming Subscriber Growth	22%	22%	20%	17%	15%	14%	13%	12%
International Streaming Subscriber Growth	78%	78%	72%	67%	62%	63%	58%	52%
Domestic DVD Subscriber Growth	(17%)	(17%)	(16%)	(17%)	(15%)	(15%)	(14%)	(12%)
Revenue Growth	24%	25%	27%	26%	23%	22%	20%	21%
EPS - GAAP y/y Growth - %	1,620%	135%	96%	71%	(27%)	(2%)	(140%)	(121%)
Gross Margin	32%	32%	32%	32%	31%	31%	25%	28%
Operating Margin	8%	10%	8%	4%	5%	8%	(1%)	(0%)
Subscription as % of Revenue	62%	62%	62%	64%	64%	64%	70%	66%
Fulfillment as % of Revenue	7%	6%	6%	5%	5%	5%	5%	6%
Marketing as % of Revenue	11%	9%	10%	14%	11%	9%	13%	15%
Technology & Development as % of Revenue	9%	9%	9%	8%	9%	9%	9%	8%
General & Administrative as % of Revenue	4%	4%	6%	5%	6%	5%	5%	5%
Statutory Tax Rate	40.3%	39.5%	39.2%	-83.2%	37.0%	37.0%	37.0%	37.0%
Period-End Shares	60	60	60	60	60	60	61	61
Period-End Diluted Shares	62	62	62	62	62	62	63	63
Wtd Avg Basic Shares	60	60	60	60	61	61	62	62
Wtd Avg Diluted Shares	62	62	62	62	62	63	63	63

Source: Company data, Morgan Stanley Research. E = Morgan Stanley Research estimates

Exhibit 13: Netflix Annual Income Statement

Netflix, Inc. Model	Projections							
(USD millions)	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
Income Statement								
Revenues	\$4,375	\$5,505	\$6,687	\$8,029	\$9,193	\$10,362	\$11,557	\$12,681
(-) Cost of Revenues	(3,122)	(3,753)	(4,756)	(5,535)	(6,128)	(6,707)	(7,189)	(7,642)
(-) Subscription Expenses	(2,844)	(3,428)	(4,399)	(5,147)	(5,713)	(6,265)	(6,721)	(7,151)
(-) Fulfillment and Other Expenses	(279)	(324)	(357)	(388)	(415)	(442)	(468)	(491)
Gross Profit	\$1,252	\$1,752	\$1,931	\$2,495	\$3,064	\$3,655	\$4,368	\$5,040
(-) Marketing Expenses	(467)	(607)	(813)	(881)	(935)	(981)	(1,013)	(1,040)
(-) Technology & Development Expenses	(379)	(472)	(572)	(662)	(712)	(751)	(780)	(812)
(-) General & Administrative Expenses	(180)	(270)	(350)	(401)	(437)	(466)	(491)	(507)
(-) Legal Settlement	—	—	—	—	—	—	—	—
(+) Gain on Disposal of DVDs	—	—	—	—	—	—	—	—
(-) Restructuring Charges	—	—	—	—	—	—	—	—
Operating Income	\$226	\$403	\$197	\$549	\$980	\$1,457	\$2,083	\$2,681
EBITDA	\$275	\$457	\$259	\$617	\$1,053	\$1,534	\$2,166	\$2,768
(-) Interest Expense	(29)	(50)	(97)	(103)	(122)	(183)	(260)	(320)
(+) Interest & Other Income	(28)	(3)	9	15	15	13	16	18
Pre-Tax Income	\$169	\$349	\$109	\$462	\$874	\$1,287	\$1,839	\$2,379
(+/-) Tax Provision	(59)	(83)	(40)	(171)	(323)	(476)	(680)	(880)
Net Income	\$110	\$267	\$69	\$291	\$550	\$811	\$1,159	\$1,499
(+) Diluted Shares	61	62	63	64	63	60	58	56
EPS - GAAP	\$1.82	\$4.32	\$1.09	\$4.54	\$8.72	\$13.41	\$20.00	\$26.98
Operating / Profitability Metrics								
Domestic Streaming Subscriber Growth	23%	17%	12%	6%	6%	5%	4%	4%
International Streaming Subscriber Growth	79%	67%	52%	29%	19%	16%	13%	9%
Domestic DVD Subscriber Growth	(16%)	(17%)	(12%)	(9%)	(6%)	(5%)	(4%)	(4%)
Revenue Growth	21%	26%	21%	20%	14%	13%	12%	10%
EPS - GAAP y/y Growth - %	507%	137%	(75%)	317%	92%	54%	49%	35%
Gross Margin	29%	32%	29%	31%	33%	35%	38%	40%
Operating Margin	5%	7%	3%	7%	11%	14%	18%	21%
Subscription as % of Revenue	65%	62%	66%	64%	62%	60%	58%	56%
Fulfillment as % of Revenue	6%	6%	5%	5%	5%	4%	4%	4%
Marketing as % of Revenue	11%	11%	12%	11%	10%	9%	9%	8%
Technology & Development as % of Revenue	9%	9%	9%	8%	8%	7%	7%	6%
General & Administrative as % of Revenue	4%	5%	5%	5%	5%	5%	4%	4%
Effective tax rate	34.7%	23.6%	37.0%	37%	37%	37%	37%	37%
Period-End Basic Shares	60	60	61	61	59	56	54	51
Period-End Diluted Shares	62	63	64	64	62	59	57	54
Wtd Avg Basic Shares	58	60	60	61	60	57	55	52
Wtd Avg Diluted Shares	61	62	63	64	63	60	58	56

Source: Company data, Morgan Stanley Research. E = Morgan Stanley Research estimates

Exhibit 14: Netflix Annual Balance Sheet

Netflix, Inc. Model (USD millions)	Projections							
	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
Balance Sheet								
Assets:								
Cash & Cash Equivalents	\$605	\$1,114	\$1,907	\$1,850	\$750	\$750	\$750	\$750
Short-Term Investments	595	495	495	495	495	495	495	495
Current Content Library, Net	1,706	2,126	3,564	3,462	3,982	4,514	4,936	5,342
Prepaid Content	34	46	53	54	55	56	57	58
Other Current Assets	118	160	160	202	238	274	311	346
Total Current Assets	\$3,059	\$3,940	\$6,179	\$6,063	\$5,520	\$6,089	\$6,549	\$6,991
Content Library, Net	2,091	2,773	2,533	3,658	4,077	4,348	4,645	4,873
Net PP&E	134	150	161	163	169	172	173	171
Deferred Income Taxes	129	193	193	198	206	219	238	261
Other Non-Current Assets	—	—	—	—	—	—	—	—
Total Assets	\$5,413	\$7,057	\$9,067	\$10,081	\$9,973	\$10,828	\$11,604	\$12,296
Liabilities:								
Content Liabilities	\$1,776	\$2,117	\$2,589	\$2,871	\$3,118	\$3,334	\$3,535	\$3,723
Accounts Payable	108	202	252	293	324	355	381	404
Accrued Expenses	54	70	84	97	106	115	123	130
Current Portion of Lease Financing Obligations	—	—	—	—	—	—	—	—
Deferred Revenue	216	275	331	398	455	513	573	628
Total Current Liabilities	\$2,154	\$2,663	\$3,257	\$3,658	\$4,004	\$4,318	\$4,611	\$4,885
Long-Term Debt	500	900	1,900	1,900	2,557	4,039	5,225	6,130
Lease Financing Obligations	—	—	—	—	—	—	—	—
Non-Current Content Liabilities	1,346	1,576	1,784	1,949	2,121	2,294	2,457	2,599
Other Non-Current Liabilities	79	60	72	83	92	99	106	111
Total Liabilities	\$4,079	\$5,199	\$7,013	\$7,591	\$8,774	\$10,751	\$12,399	\$13,726
Shareholders' Equity:								
Preferred Equity	\$—	\$—	\$—	\$—	\$—	\$—	\$—	\$—
Common Equity	778	1,043	1,043	1,189	(653)	(2,585)	(4,615)	(6,749)
AOC Income / (Loss)	4	(4)	(4)	(4)	(4)	(4)	(4)	(4)
Retained Earnings	552	819	1,015	1,306	1,856	2,667	3,826	5,324
Total Shareholders' Equity	\$1,334	\$1,858	\$2,053	\$2,491	\$1,199	\$77	(\$794)	(\$1,430)
Total Liabilities & Shareholders' Equity	\$5,413	\$7,057	\$9,067	\$10,081	\$9,973	\$10,828	\$11,604	\$12,296

Source: Company data, Morgan Stanley Research. E = Morgan Stanley Research estimates

Exhibit 15: Netflix Annual Cash Flow Statement

Netflix, Inc. Model (USD millions)	Projections							
	2013	2014	2015E	2016E	2017E	2018E	2019E	2020E
Cash Flow Statement								
Operating Cash Flow:								
Net Income	\$110	\$267	\$69	\$291	\$550	\$811	\$1,159	\$1,499
Additions to Streaming Content Library	(3,050)	(3,773)	(4,760)	(5,354)	(5,819)	(6,214)	(6,574)	(6,911)
Change in Streaming Content Liabilities	674	593	681	446	420	389	364	329
Amortization of Streaming Content Library	2,122	2,656	3,561	4,333	4,878	5,412	5,855	6,277
Amortization of DVD Content Library	71	71	73	71	69	68	66	64
Amortization of Content Library	--	--	--	--	--	--	--	--
Depreciation & Amortization of PP&E & Intangibles	48	54	62	68	73	78	82	87
Stock-Based Compensation	73	115	127	146	158	167	175	181
Excess Tax Benefit from Exercise of Stock Options	(82)	(89)	--	--	--	--	--	--
Amortization of Intangible Assets	--	--	--	--	--	--	--	--
Other Non-Cash Income	30	15	--	--	--	--	--	--
Deferred Income Taxes	(22)	(30)	--	(5)	(9)	(13)	(18)	(24)
Funds from Operations (FFO)	(\$24)	(\$121)	(\$187)	(\$4)	\$321	\$698	\$1,108	\$1,503
Changes in Working Capital:								
Prepaid Content	\$29	\$--	(\$7)	(\$1)	(\$1)	(\$1)	(\$1)	(\$1)
Other Current Assets	33	(9)	--	(42)	(36)	(36)	(37)	(35)
Accounts Payable	18	84	50	41	31	31	26	24
Accrued Expenses	2	56	14	13	10	9	7	7
Deferred Revenue	46	59	57	66	58	58	59	56
Other Non-Current Assets & Liabilities	(9)	(52)	12	11	8	8	6	6
Changes in Working Capital	\$120	\$137	\$127	\$89	\$70	\$68	\$60	\$56
Operating Cash Flow	\$96	\$16	(\$60)	\$84	\$390	\$766	\$1,169	\$1,560
Investing Cash Flow:								
Acquisition of DVD Content Library	(\$66)	(\$75)	(\$73)	(71)	(69)	(68)	(66)	(64)
Purchases of Short-Term Investments	(550)	(427)	--	--	--	--	--	--
Proceeds from Sale of Short-Term Investments	348	385	--	--	--	--	--	--
Proceeds from Maturities of Short-Term Investments	61	142	--	--	--	--	--	--
Capex	(54)	(70)	(74)	(76)	(78)	(81)	(83)	(85)
Other Assets	6	1	--	--	--	--	--	--
Investing Cash Flow	(\$256)	(\$43)	(\$147)	(\$147)	(\$148)	(\$148)	(\$149)	(\$150)
Financing Cash Flow:								
Principal Payments of Lease Financing Obligations	(\$1)	(\$8)	\$--	\$--	\$--	\$--	\$--	\$--
Proceeds from Issuance of Common Stock	125	61	--	--	--	--	--	--
Excess Tax Benefit from Exercise of Stock Options	82	89	--	--	--	--	--	--
Repurchase of Common Equity	--	--	--	--	(2,000)	(2,100)	(2,205)	(2,315)
Changes in Debt	271	400	1,000	--	657	1,483	1,185	905
Financing Cash Flow	\$476	\$542	\$1,000	\$--	(\$1,343)	(\$617)	(\$1,020)	(\$1,410)
Effects of FX / Other	(\$3)	(\$5)	\$--	\$6	\$--	\$--	\$--	\$--
Beginning Cash	\$290	\$603	\$1,114	\$1,907	\$1,850	\$750	\$750	\$750
(+/-) Net Changes in Cash	313	511	793	(56)	(1,100)	0	0	(0)
(+/-) Restatements / Adjustments (pre-10-Q / K)	--	--	--	--	--	--	--	--
Ending Cash	\$603	\$1,114	\$1,907	\$1,850	\$750	\$750	\$750	\$750

Source: Company data, Morgan Stanley Research. E = Morgan Stanley Research estimates

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(as of December 31, 2014)

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Equal-weight and Not-Rated to hold and Underweight to sell recommendations, respectively.

STOCK RATING CATEGORY	COVERAGE UNIVERSE		INVESTMENT BANKING CLIENTS (IBC)		
	COUNT	% OF TOTAL	COUNT	% OF TOTAL IBC	% OF RATING CATEGORY
Overweight/Buy	1156	35%	328	42%	28%
Equal-weight/Hold	1439	44%	354	45%	25%
Not-Rated/Hold	107	3%	17	2%	16%
Underweight/Sell	589	18%	84	11%	14%
TOTAL	3,291		783		

Data include common stock and ADRs currently assigned ratings. Investment Banking Clients are companies from whom Morgan Stanley received investment banking compensation in the last 12 months.

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Overweight (O). The stock's total return is expected to exceed the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Equal-weight (E). The stock's total return is expected to be in line with the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

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Underweight (U). The stock's total return is expected to be below the average total return of the analyst's industry (or industry team's) coverage universe, on a risk-adjusted basis, over the next 12-18 months.

Unless otherwise specified, the time frame for price targets included in Morgan Stanley Research is 12 to 18 months.

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Attractive (A): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be attractive vs. the relevant broad market benchmark, as indicated below.

In-Line (I): The analyst expects the performance of his or her industry coverage universe over the next 12-18 months to be in line with the relevant broad market benchmark, as indicated below.

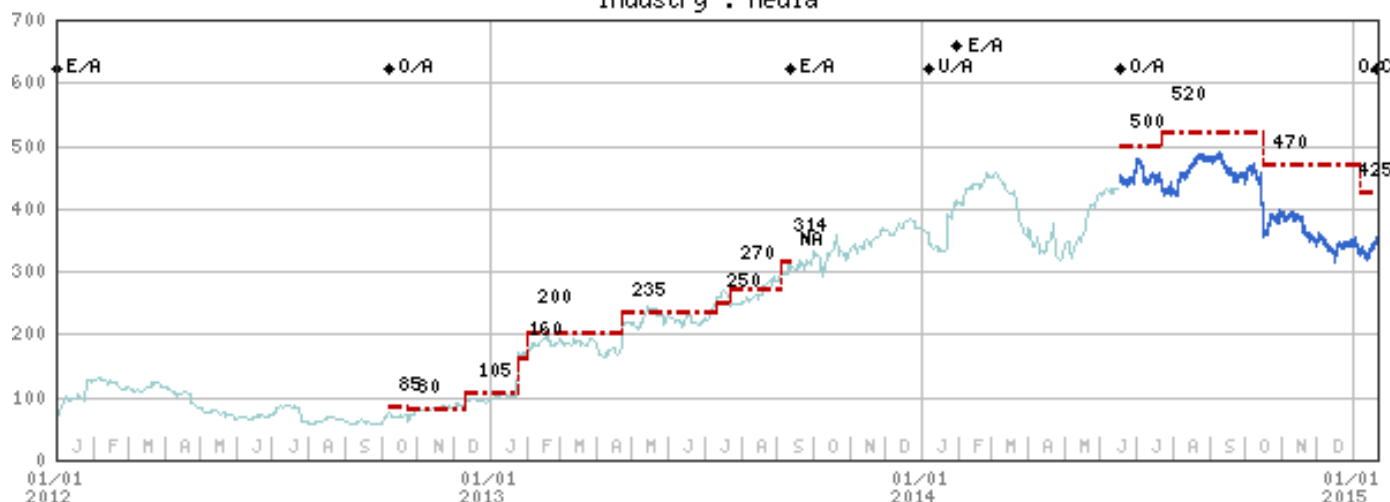
Cautious (C): The analyst views the performance of his or her industry coverage universe over the next 12-18 months with caution vs. the relevant broad market benchmark, as indicated below.

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Stock Price, Price Target and Rating History (See Rating Definitions)

Netflix Inc (NFLX.O) - As of 1/20/15 in USD

Industry : Media



Stock Rating History: 1/1/12 : E/A; 10/8/12 : O/A; 9/12/13 : E/A; 1/7/14 : U/A; 1/31/14 : E/A; 6/17/14 : O/A; 1/20/15 : O/C

Price Target History: 2/15/11 : NA; 10/8/12 : 85; 10/24/12 : 80; 12/12/12 : 105; 1/24/13 : 160; 2/1/13 : 200; 4/22/13 : 235; 7/12/13 : 250; 7/23/13 : 270; 9/5/13 : 314; 9/12/13 : NA; 6/17/14 : 500; 7/22/14 : 520; 10/16/14 : 470; 1/7/15 : 425

Source: Morgan Stanley Research Date Format : MM/DD/YY Price Target -- No Price Target Assigned (NA)
 Stock Price (Not Covered by Current Analyst) — Stock Price (Covered by Current Analyst) —
 Stock and Industry Ratings (abbreviations below) appear as ♦ Stock Rating/Industry View
 Stock Ratings: Overweight (O) Equal-weight (E) Underweight (U) Not-Rated (NR) No Rating Available (NA)
 Industry View: Attractive (A) In-line (I) Cautious (C) No Rating (NR)

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COMPANY (TICKER)	RATING (AS OF)	PRICE* (01/20/2015)
Andrew McLeod		
News Corporation (NWSA.O)	NA (09/30/2014)	\$14.93
Benjamin Swinburne, CFA		
21st Century Fox (FOXA.O)	O (08/05/2014)	\$34.12
CBS Corporation (CBS.N)	O (07/20/2009)	\$55.47
Discovery Communications (DISCK.O)	E (07/20/2009)	\$28.23
Interpublic Group (IPG.N)	E (01/11/2013)	\$19.79
Lamar Advertising Co. (LAMR.O)	E (07/30/2014)	\$55.43
Netflix Inc (NFLX.O)	O (06/17/2014)	\$348.80
Omnicom Group Inc. (OMC.N)	E (05/28/2014)	\$73.74
OUTFRONT MEDIA INC (OUT.N)	E (07/30/2014)	\$26.83
Pandora Media Inc. (P.N)	E (06/18/2014)	\$15.67
Scripps Networks Interactive (SNI.N)	U (01/25/2013)	\$71.74
Time Warner Inc. (TWX.N)	E (01/20/2015)	\$80.35
Viacom (VAB.O)	U (01/20/2015)	\$66.36
Walt Disney Co (DIS.N)	E (09/19/2013)	\$94.74
Ryan Fiftal		
AMC Networks, Inc. (AMCX.O)	E (03/21/2014)	\$63.02
Cinemark Holdings, Inc. (CNK.N)	E (04/23/2014)	\$35.79
Dreamworks Animation SKG, Inc. (DWA.O)	O (11/26/2014)	\$20.56
Regal Entertainment Group (RGC.N)	++	\$19.78
Starz (STRZAO)	O (01/20/2015)	\$28.60
The Madison Square Garden, Inc. (MSG.O)	E (11/13/2014)	\$73.10

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* Historical prices are not split adjusted.

INDUSTRY COVERAGE: Internet Media

COMPANY (TICKER)	RATING (AS OF)	PRICE* (01/20/2015)
Benjamin Swinburne, CFA		
Facebook Inc (FB.O)	O (11/03/2014)	\$76.24
Google (GOOGL.O)	E (11/03/2014)	\$509.94
Twitter Inc (TWTR.N)	E (11/03/2014)	\$37.57

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* Historical prices are not split adjusted.